



**Massachusetts  
Teachers'  
Retirement  
Board**

**BOSTON OFFICE**

69 Canal Street  
Boston, MA  
02114-2006

617-727-3661  
FAX: 617-727-6797

**SPRINGFIELD OFFICE**

101 Main Street  
Suite 210  
Springfield, MA  
01103-2066

413-784-1711  
FAX: 413-784-1707

[mass.gov/mtrb](http://mass.gov/mtrb)

EMPLOYER REPORTING  
617-878-2895  
FAX: 617-727-4443  
[empsup@trb.state.ma.us](mailto:empsup@trb.state.ma.us)

RICHARD PROBERT  
Director,  
Employer Reporting  
617-878-2878

LISA M. MALONEY, ESQ.  
Director,  
Educational Services  
617-878-2811



# MTRB Employer Bulletin

Number 5 ■ February 2004

## Please take note of these three important RetirementPlus retirement application issues

Remember to send salary documentation, certify members' earnings, and advise your employees to be sure to "bridge the gap" for health insurance

By now, most of you have met with many MTRS members who plan to retire this summer under the RetirementPlus formula. Presently, we have nearly 2,000 members who have filed an Accelerated Payment Agreement (APA) with a retirement date for 2004. We sincerely appreciate your continued assistance in providing us with the necessary information to process these agreements.

We have made certain changes to the APA and RetirementPlus application process, which you need to know.

### ■ Salary documentation must be submitted with all R+ APAs

We now require copies of the member's salary schedule or individual contracts for the last three years to be included with the hard copy of the APA that is mailed to us (or, in the case of an administrator, contracts for the last four years). This information will allow us to begin to review the application early and to identify any regular compensation issues in a timely manner.

### ■ You will need to certify members' earnings for their final year of service—please plan for the wave of 2004 applicants at your door

We have added a provision to the RetirementPlus retirement application which requires your attention. The new employer signature section (Section 7, see page 4), asks that you certify the member's earnings for the final year of service. With your certification, we will be able to reconcile the accelerated payment for those members who have had

an increase or decrease in their salary during the last year of service and hope to reduce the need to ask you or your staff for additional information.

Over the next few weeks, we will be mailing the RetirementPlus retirement application to each member who has indicated an intention to retire before September 2004. As a result, these members will need to see you for your signature and to obtain salary information. We are advising members to send in their applications three to four months in advance of their retirement date.

### ■ Please help your retirees plan to "bridge the health insurance gap" between being off the payroll and receiving their first retirement check

With an estimated 4,000 teachers retiring under the regular formula as well as RetirementPlus this year, we are anticipating that RetirementPlus applicants may not receive their first check for up to 90 days after the effective date of retirement. As a result, members may have to make health insurance payments directly to the employer to cover the period between the date they are off the school's payroll and the receipt of their first retirement check. We will be advising members to speak to the person in their school district responsible for health insurance issues well in advance of their retirement date in order to prevent any interruption in coverage.

Finally, it can't be stated enough that your assistance and support during this retirement season is greatly appreciated. ■

A reminder on RetirementPlus APAs—

## RetirementPlus APAs cannot be terminated or reduced

As you will recall, in response to the RetirementPlus legislation, the MTRB obtained a Private Letter Ruling from the Internal Revenue Service in order to allow members to accelerate their five years' worth of contributions and retire early. The IRS, in approving the Board's request, required that certain rules be followed. As a reminder, the rules are:

- Accelerated payments require an **irrevocable** signed agreement between the member and the employer.
- Once deductions begin based on the amount provided in the accelerated payment agreement (APA), **they cannot be terminated, reduced or changed.**
- The APA is enforceable **unless** the member dies or terminates service.

If members wish to increase the amount of deductions, they must enter into a supplemental agreement. If you have any questions, please call our office. ■

Any employees retiring in 2004?

## Please publicize our upcoming *Ready for Retirement* seminars

*Ready for Retirement* is an optional, free, two-hour program (6–8 p.m.) for members retiring in 2004. This new seminar is designed to answer any questions they may have, as our staff may not be available during regular hours because of the unprecedented demand for our services. Online preregistration is required, and available now, at [mass.gov/mtrb](http://mass.gov/mtrb).

|                         |                  |                                   |
|-------------------------|------------------|-----------------------------------|
| <b>Framingham</b>       | Mon., March 15   | Walsh Middle School, Brook Street |
| <b>Worcester</b>        | Mon, March 15    | Doherty Memorial High School      |
| <b>Pittsfield</b>       | Tues., March 16  | Herbert Middle School             |
| <b>Medford</b>          | Tues., March 16  | McGlynn School                    |
| <b>Marstons Mills</b>   | Thurs., March 18 | Marstons Mills East Elem. School  |
| <b>West Springfield</b> | Thurs., March 18 | West Springfield High School      |
| <b>Hanover</b>          | Mon., March 22   | Hanover High School               |
| <b>Topsfield</b>        | Wed., March 24   | Masconomet Regional Middle School |

When **period** dates and **transaction** dates don't match—

## Avoid simple deduction report errors

Please take a minute to see if you have this reporting error in your school district.

- In your MTRB retirement deduction reports, the **period date**, also called the reporting period, is the payroll month and year in which the transaction or transactions in the report occurred. This is a 6-character field with a format of **yyyymm**.
- The **transaction date**, also called the pay date, is the actual date of a pay disbursement. This is an 8-character field with a format of **yyyymmdd**.

In a normal deduction record (as opposed to a retroactive or adjustment record), **the month and year in the period date must be the same as the month and year in the transaction date.**

For example, school district X reported the following:

PERIOD date ..... 200312 (December 2003)

TRANSACTION date ... 20040102 (January 2, 2004)

School district X **should** have reported the following:

PERIOD date ..... 200401 (January 2004)

TRANSACTION date ... 20040102 (January 2, 2004)

Even though most of the pay associated with the 1/2/04 transaction date would pertain to December 2003, the period date should be January 2004 because the month and year in the transaction date **must** equal the month and year in the period date.

The eRetirement system contains a validation that will verify that the pay dates correspond with the month and year of the reporting period. If the system detects a mismatch, an error condition will result, file processing will be suspended, and the school district administrator

will be prompted to correct the error.

The potential results of reporting incorrectly are:

- your members' W-2 forms and MTRB annual statements may disagree, and
- interest may not be properly credited for misreported deductions.

Please ensure that your payroll officer, vendor or IT department is following this rule. If you believe you have this reporting problem, or if you have any questions, please contact your MTRB Employer Reporting representative. ■

### Reminder re: MTRB deduction report—

The month and year in the period date **must be the same** as the month and year in the transaction date.

| Deduction report field                                                                                                                         | Number of characters | Format                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------------------------------------------------|
| <b>Period date</b><br>Also called the reporting period, this is the payroll month and year in which the transaction(s) in the report occurred. | <b>6</b>             | <b>yyyymm</b><br><br>For example, January 2004 would be 200401.    |
| <b>Transaction date</b><br>Also called the pay date, this is the actual date of a pay disbursement.                                            | <b>8</b>             | <b>yyyymmdd</b><br>For example, January 2, 2004 would be 20040102. |

## U P D A T E S

eRetirement—

### Please make sure your school district is ready for the new eRetirement system

At this time, we have completed approximately one-half of the design and development work on the eRetirement system, and anticipate implementation in the late winter or early spring of 2005. You will receive more details about the implementation at this summer's MTRS Employer Training programs and in future *Employer Bulletins*.

With the implementation about a year away, school districts should be preparing now by making sure that their deduction reports are error free. The data validation rules in our new system are not new, but will be much more strictly enforced. If you report bad data, our new system will create error reports which you will have to clear each month using our online system. As we face unprecedented numbers of retirements, the new system will safeguard data integrity in order to maximize automated benefit processing.

Many of you have offered to assist us with the eRetirement project by participating in our Employer Focus Group or serving as field testers. Our next focus group meeting will be held in April, when we will be prepared to demonstrate major components of the retirement deduction reporting functionality. Field testing will start later, as we approach the implementation date. ■

Did you also receive your copy of the *Employer Bulletin* via e-mail?

If not, please send your e-mail address to us at [empsup@trb.state.ma.us](mailto:empsup@trb.state.ma.us) and we'll send the next issue right to your desktop!

Regular compensation—

### Life and disability insurance premiums still qualify, but with restrictions as of July 1, 2004

Administrators or other members whose individual life or disability insurance premiums are paid by their employer could be affected by a change to the Board's regular compensation regulation. Such premiums are, and will continue to be, considered regular compensation. But effective July 1, 2004, the premiums will only be considered "paid by the employer" if they are:

- a) paid by the employer directly to the insurance company; or,
- b) paid to the member as reimbursement for actual amounts already paid by the member to the insurance company.

This means that after July 1, regular compensation will **not** include amounts paid **to the member** for insurance premiums (unless the payments are reimbursement for premiums already paid by the member). The MTRB established the July 1 effective date in order to allow administrators or other members who may be affected by this change time to plan. To avoid any problems, we recommend that the premiums be paid by the employer directly to the insurance company. If you have any questions, please contact us. ■

Upcoming member seminars—

### MTRB announces two spring seminars for teachers and administrators

In April and May, we will be presenting our retirement planning program, *The Next Chapter*, in Danvers and Shrewsbury. *The Next Chapter* program is an all day, comprehensive retirement planning program that is presented by the TRB to help teachers and administrators prepare for retirement.

This year's dates and locations are:

- Sheraton Ferncroft Resort, **Danvers**, Saturday, April 24, 2004, and
- Hoagland-Pincus Conference Center, **Shrewsbury**, Saturday May 15, 2004.

**Pre-registration is required** for the programs and will be available online only, beginning in early to mid-March.

We will be mailing posters to each school building principal to help promote the program. We would appreciate it if you would display the posters and pass this information along to any teachers and administrators who may be interested in attending *The Next Chapter*. ■

Avoid contribution rate errors—

## Minimize excess deductions and the processing of returned funds

From time to time the MTRB discovers that a school district has deducted excess retirement contributions from a teacher's pay. These errors are either

- **incorrect assessments**—such as when we receive 9% deductions for a member whose contribution rate is actually only 7%; or
- **deductions received in error**—such as when contributions are submitted for summer school pay or other non-pensionable earnings.

In order to correct this type of error, the MTRB must process a refund of the excess contributions. However, due to restrictions that the Internal Revenue Code imposes on us as a qualified retirement plan, we are prohibited from refunding the excess contributions directly to a member.

Excess contributions are taxable earnings that should have been issued to the employee by his or her employer and included in the employee's taxable wages as reported on his/her W-2 form. Therefore, our tax counsel has advised us to return excess contributions to the employer for proper disbursement and tax reporting to the member through the employer's payroll system.

We know that dealing with returned contributions can be difficult. It often involves manual processing that must be done outside the normal payroll system and it invariably requires extra work for local payroll officials. In order to minimize this extra work, we recommend the following:

- Base your rate determinations on the best available source: the output from the MTRB's online enrollment application.
- Withhold contributions only on pay that meets the definition of regular compensation.
- Always call your MTRB Employer Reporting representative for assistance when there is doubt about a new or existing member's correct contribution rate or the interpretation of the regular compensation rules.

When errors are detected we will work with you to repair the situation with the least amount of inconvenience that is possible in the circumstances. ■

The **RetirementPlus** retirement application form has a new section—

## Please certify members' earnings for their final year

As explained on page 1, we have added a provision to the RetirementPlus retirement application which requires your attention. The new employer signature section, shown below, asks that you certify the member's earnings for the final year of service.

### 7 SALARY VERIFICATION (to be completed by school department official)

Please report the following information for the **member's last twelve months of service**. If there were two contract rates in effect during the school year, please do not try to average the amounts; instead, use two lines—one for each contract period—and complete columns B through G for each period.

| A                                     |                | B                                 | C                               | D                                    | E                                                                     |             | F                                                                                         |             | G                                                              |
|---------------------------------------|----------------|-----------------------------------|---------------------------------|--------------------------------------|-----------------------------------------------------------------------|-------------|-------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------|
| Period each salary rate was in effect |                | Number of days paid during period | Number of days in contract year | Annual contract rate for each period | Additional salary earned for longevity and other regular compensation |             | Amounts paid for unused sick leave, early retirement incentives, bonuses or severance pay |             | Actual salary paid (Do not include amounts listed in column F) |
| From (mo/day/yr)                      | To (mo/day/yr) |                                   |                                 |                                      | \$ amount                                                             | Description | \$ amount                                                                                 | Description |                                                                |
|                                       |                |                                   |                                 |                                      |                                                                       |             |                                                                                           |             |                                                                |
|                                       |                |                                   |                                 |                                      |                                                                       |             |                                                                                           |             |                                                                |

**Member's final monthly deduction** Regular \$ \_\_\_\_\_ + 30-plus \$ \_\_\_\_\_ + R+ payroll reduction \$ \_\_\_\_\_ = Total \$ \_\_\_\_\_; taken for \_\_\_\_\_/\_\_\_\_\_ month year

By certifying the member's salary for the last year and indicating his or her last monthly deduction right on the application, you will greatly reduce our need to ask you or your staff for additional information after the member has submitted the application.